

South Carolina Energy Advisory Committee

August 27, 2001 Meeting Minutes
Approved on November 28, 2001

Attachment A includes a list of attendees.

Attachment B is the presentation given by the SCEO.

The Energy Advisory Committee (EAC) meeting began at 1:10 p.m. David Reid, Chairman of the EAC, welcomed everyone to the meeting. George Dorn gave a brief welcome and thanked the members for their participation. After Mr. Dorn spoke, the Chairman requested that a decision be made as to the taking of minutes. He presented the choices as either a verbatim transcription or a summary of the meeting. Phil Porter made a motion to approve the use of summary minutes, which was seconded by David Logeman. The motion that the minutes summarize the discussion passed.

The Chairman stated that the South Carolina Energy Office (SCEO) had developed its first Strategic Plan. He then said that the primary purpose of this meeting would be to listen to a presentation on the Plan and then have a discussion. Mr. Reid then had each member introduce themselves. Following the member introductions, Mitch Perkins, SCEO Director, introduced Kate Billing of the SCEO to present the Strategic Plan. Ms. Billing outlined the three parts of the presentation: 1) Energy Use in South Carolina: The Big Picture; 2) History of the South Carolina Energy Office; and 3) The 2001-2002 Strategic Plan. The entire presentation is *Attachment B*.

Following the presentation, Mr. Perkins addressed the Committee. He noted that the SCEO receives no state appropriations. He also made the point that the return on the investment of the budgeted funds would be measured by the Strategic Plan's Key Indicators. Next, Mr. Perkins said the \$4 million for the loan program was the majority of funds and the SCEO had a document that summarized the four loans made by the SCEO, two in the public sector and two in the private, so the Committee could see the projects and results. Mr. Perkins had the document distributed. Mr. Perkins then compared the personnel costs of the SCEO to other Southeastern states.

Chairman Reid asked the EAC members to direct questions to Mr. Perkins. Nancy Vinson asked about the status of loan repayments. Mr. Perkins responded that they were all on track. Ms. Vinson then asked why \$500,000 was carried over in the private sector loan program. Mr. Perkins replied that the funds were for a loan that the SCEO had committed to in the 2000-2001 fiscal year. Gerald Caughman asked how the loan program is funded every year. Mr. Perkins replied that the \$4 million came from PVE funds.

Chairman Reid then asked what was expected of the EAC. Mr. Perkins replied that the SCEO needed input on the Strategic Plan in order to move forward. John Lomax asked what programs fell as a lower priority when developing the Plan. Mr. Perkins replied that the focus on the Commercial-Industrial sector was lessened. Also, the Residential sector emphasis is on information services, but the Energy Efficient Mortgage program is a potential, but not immediate activity. Mr. Perkins also explained that the SCEO assists the Weatherization Assistance Program in the Governor's Office as part of Residential activities.

David Logeman then asked for an explanation of the shift in funds as shown on the bar graph in the presentation. Mr. Perkins explained that the shift results from funds shifting from the Commercial sector loan fund to the Public sector loan fund. Mr. Logeman then expressed concern that small businesses and manufacturers in rural areas need seed money to procure innovative technologies. Ms. Vinson agreed that a small amount of loan funds should be reserved for small businesses.

Phil Porter described his efforts to initiate an investigation of natural gas price increases through the Public Service Commission. He inquired whether the investigation might be under the authority of the EAC. Chairman Reid stated that such a task is probably not under the purview of the EAC, but the issue would be placed on the table for discussion following the discussion of the Strategic Plan.

Ms. Vinson brought up the SCEO legislation, stating that it intended for the SCEO to review proposed power plants. She wanted to know what the SCEO does to address that component of the legislation. Ms. Billing described the SCEO's involvement in reviewing utilities' Integrated Resource Plans and other activities related to utility planning, such as the study titled *Externalities Associated with Power Plants in South Carolina* and the annual *Demand-Side Management Report*.

Bob Long asked what the annual energy savings would be if the SCEO accomplished all of the Key Indicators. Mr. Perkins said that the SCEO was having difficulty determining a number now, but they hoped to have figures once the projects were implemented. Chairman Reid stated that this is a baseline year for the Plan and that an answer would be available next June after the Plan has been implemented. Mr. Long then asked if the SCEO could compare its Plan with other states for a benchmark of savings achieved. Mr. Perkins replied that currently a comparison was not available, but that the SCEO had begun working on it already. He also mentioned a national benchmarking project through the Department of Energy (DOE). Ms. Vinson asked how the SCEO arrived at the 'three percent reduction' goal for the public sector programs. Mr. Perkins explained that the goal was based on experience with the types of projects and recommendations from staff directly involved in the programs that contribute to that goal.

Corky Clark questioned the SCEO's activities for alternative fuel development, saying that it was "plowing old ground" that has not shown progress. He asked if the SCEO should continue to commit funds to that area. Mr. Perkins said that there is a need to build the alternative fuel vehicle infrastructure before it can be used and developed. He went on to say that federal law requires public fleets use certain amounts of alternative fuels. The efforts of the SCEO should ensure that fleets in South Carolina will be able to meet those requirements. Mr. Perkins also addressed the benefits that certified "Clean Cities" receive such as funding from DOE. He went into the other activities in the Transportation Fuel Conservation & Diversification Program that increase transportation efficiency through reducing miles traveled, such as telecommuting and e-government services.

Next, Mr. Caughman asked what the SCEO projected for its funding in five years since it depends on grant funds and PVE funds. Mr. Perkins responded that the SCEO uses its formula allocation received through the State Energy Program. Then he said that the loan funds will renew so organizations could continue to implement projects utilizing the loan program. Mr. Caughman followed with a question about the lack of a forecast for energy supplies in the Strategic Plan. He also asked how the SCEO planned to promote "green energy" initiatives. Mr. Perkins stated that South

Carolina is very dependent on out-of-state energy resources so promoting “green energy” is an important effort. Ms. Billing added that it was a good idea to add a section in the Strategic Plan that addresses the energy resources of the state. Ms. Billing said the SCEO planned to participate in the Southeast Green Power Summit in March, and that event was described in the Strategic Plan. Ms. Vinson asked if there were any financial incentives for utilities to implement demand-side management programs. Mr. Perkins responded that there were none at this time. Ms. Vinson replied that demand-side management financial incentives were mentioned in the SCEO’s legislation so they should be addressed in the Strategic Plan.

Mitch Williams stated that he supports the Plan and its emphasis on the public sector. Next Jim Cumberland said that he also supports the emphasis on the public sector but noted that there is a need to keep some funding for the commercial sector. Eddie Plowden said that small businesses need energy efficiency financing. He also stated that the SCEO needs to support the Energy Star Homes program and Home Energy Rating System training. Janet Lockhart stated that it is possible to receive federal grant funds for those projects.

Jim Grahl asked about the SCEO’s position on Energy Service Companies. Mr. Perkins stated the SCEO published a *Guide to Energy Savings Performance Contracting* to assist public organizations in procuring an Energy Performance Contract (EPC). He went on to state that the SCEO supports EPC’s but would like to assist schools and agencies so that they can ask the right questions when developing a contract. Mr. Grahl then asked how the energy audits were administered. Mr. Perkins said that the SCEO sponsors Level II audits that are only walk-through, and that the SCEO does more of the intensive Level III audits. Mr. Perkins said that the SCEO issues a solicitation and then contracts with professional auditors. He noted that the amount paid by the SCEO is much lower than the normal fee charged by the auditors so a small number apply for the contract. Mr. Grahl asked if the SCEO should increase the amount spent on audits to assure that there were an adequate number of auditors. Mr. Perkins replied that the amount is increased every year, and the SCEO has looked into increasing the amount even more. Mr. Caughman asked if the SCEO had considered issuing an RFP for a statewide contract for audits and improvements funded with shared savings, as is done by the military. Chairman Reid asked that the Committee address the Strategic Plan before continuing with other areas of discussion.

Mr. Logeman made a motion the SCEO include a private sector loan program directed at small-to medium-sized businesses in the 2001-2002 Strategic Plan. Ms. Vinson seconded the motion. Mr. Caughman said that he did not have enough information to make a recommendation. He said he wanted information on the energy supply forecast, the potential energy savings of the projects, and other program options. The Committee voted and the motion was approved. John Lomax said that this Plan should be the test for the Key Indicators. The Plan could be formally adopted at the end of the fiscal year, with the Plan for 2001-2002 serving as a working document.

Ms. Vinson said that the SCEO needs to do more to address demand-side management incentives for utilities. She also asked what South Carolina would need to do to reach the average energy efficiency of other states. Mr. Perkins responded that he did not know the answer to her question. Mr. Logeman said that utilities do not receive support for their demand-side management (DSM) activities. Mr. Plowden stated that DSM activities have declined because of the potential for

deregulation. Mr. Williams said that funds are available if utilities want to recover the costs in setting their rates.

Mr. Porter inquired as to the parameters of the EAC, specifically what policy issues could be considered by the Committee. He mentioned incentives for mass transit as an example, referring to a project using a train to travel from Irmo to Columbia. Chairman Reid asked if any other organizations were looking at mass transit issues. Mr. Perkins replied that the Councils of Governments and the Department of Transportation (DOT) were involved in promoting and coordinating mass transit. John Clark said that a study had been done several years ago but it did not outline a specific roadmap for increasing the use of mass transit. Then he said that the EAC was included in the SCEO legislation to provide advice on the use of funds so that all the decisions are not made by bureaucrats. Mr. Porter asked about the general mission of the SCEO. Mr. Perkins responded that it was to promote energy efficiency and conservation.

Chairman Reid noted the existence of the Radioactive Waste Disposal Program (RWDP) section of the SCEO and stated that the EAC has no oversight over their activities. He asked if the Committee understood the duties of the EAC encompassed the Energy Team and not the RWDP Team. They agreed that they would not address activities of the RWDP.

Mr. Perkins stated that the SCEO was directed by the Budget and Control Board's Office of the Executive Director to narrow its focus to be more effective in pursuit of its mission. Mr. Logeman said he had been involved with the SCEO for many years and he saw the SCEO's role in program delivery and as an information clearinghouse, not a participant in policy debates. Ken Cosgrove asked how changes could be made in policies regarding bike paths and mass transit. Mr. Perkins responded that staff reviewed bike paths and High Occupancy Vehicle Lane projects when the DOT sent them to the SCEO, which was rare.

Bob Long stated that he would like the EAC to participate in the next round of planning for the 2002-2003 fiscal year. Chairman Reid suggested that the next meeting occur in early November and asked SCEO staff to begin arranging it. He also asked if SCEO staff could explore the possibility that the meeting be conducted through teleconferencing. Becky Matthey asked if the SCEO would add an energy resources analysis and forecast section to the Strategic Plan and reissue it to the EAC. Mr. Perkins said the SCEO would add the section and reissue the Plan. Nancy Vinson asked if the SCEO could add the EAC members to the newsletter mailing list. Mr. Perkins said the EAC members would be included.

Willie Stephenson moved to adjourn the meeting with a commendation of the SCEO staff for their work on the 2001-2002 Strategic Plan. David Logeman seconded the motion and it was approved by the Committee.

The meeting ended at 3:40 p.m.

Attachment A

Attendees

1. David Reid
2. Gerald Caughman
3. Ken Cosgrove
4. Jim Grahl
5. David Logeman
6. John Lomax
7. Bob Long
8. Phil Porter
9. Willie Stephenson
10. Marc Tye
11. Jim Cumberland
12. Mitch Williams
13. Corky Clark
14. Nancy Vinson
15. Becky Matthey
16. Dave L'Heureux
17. Hana P. Williamson
18. Priscilla J. Anderson
19. Anne M. Cotty
20. George Dorn
21. Mitch Perkins
22. Janet Lockhart
23. Kate Billing
24. Carmen Harper

Attachment B
Presentation

South Carolina Energy Office

Energy Advisory Committee Meeting
August 27, 2001



Agenda

- ✱ Energy Use in South Carolina:
The Big Picture
- ✱ The History of the South Carolina Energy
Office
- ✱ The 2001 Strategic Plan
- ✱ Questions and Comments



Energy Use in South Carolina: The Big Picture

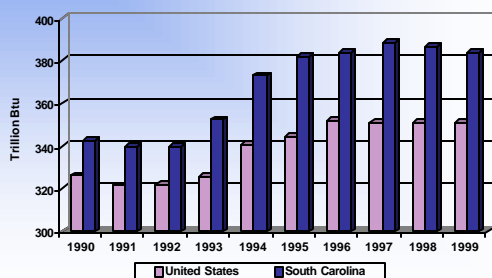


Energy Use in SC: The Big Picture

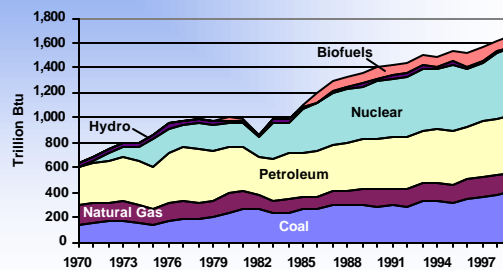
- ✱ South Carolinians spend over \$8 billion dollars a year on energy.
- ✱ SC ranks 19th in the nation in total energy consumption per capita.
- ✱ Total energy consumption in SC has increased by 99.7% since 1970.
- ✱ Since 1990, there has been a 27.7% decrease in Btu consumed per dollar of economic output in the State.



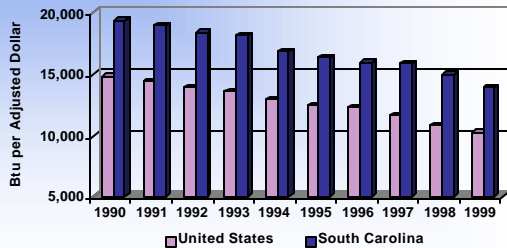
Energy Consumption per Capita 1990-1999



Total Energy Consumption in SC by Fuel Source 1970-1999



Energy Consumption per Dollar GSP/GDP, 1990-1999

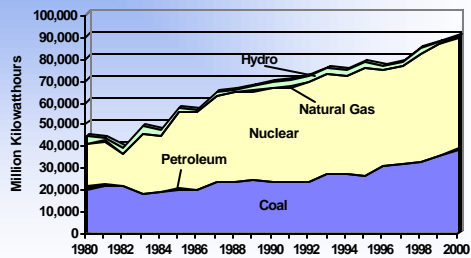


Electricity Use in South Carolina

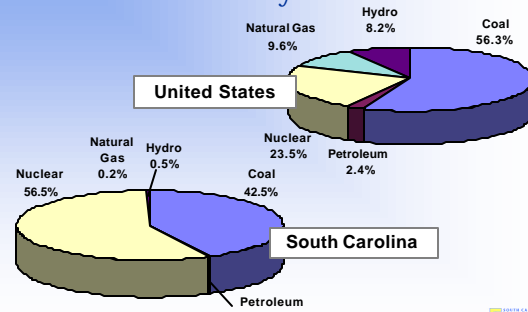
- Electricity generation in SC has increased by 99.5% in the past twenty years.
- The number of residential electricity consumers has increased 47.4% for the same period.
- 56.5% of that electricity comes from nuclear energy, 42.5% from coal.
- South Carolina ranks 3rd in the U.S. for nuclear energy use.



Net Generation from SC Utilities 1980-2000



1999 Electricity Generation by Fuel Source

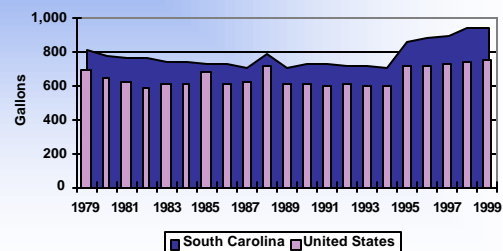


Petroleum Use in South Carolina

- The transportation sector consumes 80% of the petroleum used in the state.
- Gasoline consumption in South Carolina has increased by 72% over the past twenty years.
- In 1999, 184 gallons more per registered vehicle were consumed in SC than the US average.



US and SC Gas Consumption per Registered Vehicle, 1979-1999



The History of the South Carolina Energy Office



History of the South Carolina Energy Office

- ✱ Created in 1973, and existed in many forms and locations until 1992.
- ✱ In 1992, SCEO was put into statutory law as a direct result of the 1992 South Carolina Energy Conservation and Efficiency Act.
- ✱ SCEO is currently located in the Budget and Control Board, Office of General Services.



Funding Sources

- ✱ Federal Grants
 - ★ The State Energy Program is an annual formula allocation
 - ★ Competitively awarded categorical grants
- ✱ Petroleum Violation Escrow funds (PVE)
 - ★ Restitution for alleged oil overcharges in the 1970s

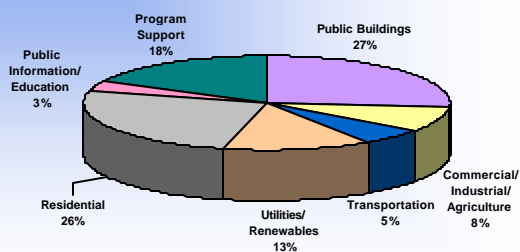


Petroleum Violation Escrow Funds

- ✱ 1st Stage Restitution
 - ★ Disbursed directly by District Courts to end-users of petroleum products who could document their consumption.
 - ★ No restrictions on use.
- ✱ 2nd Stage Restitution
 - ★ Allocated to states for indirect restitution through energy conservation programs.
 - ★ SC has received \$78 million; \$15.4 million remains.



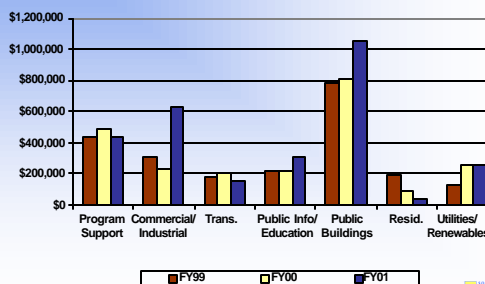
Total SCEO Expenditures October 1987 - June 2001

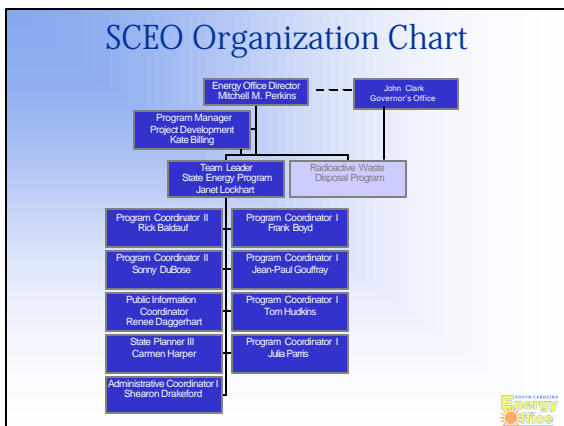
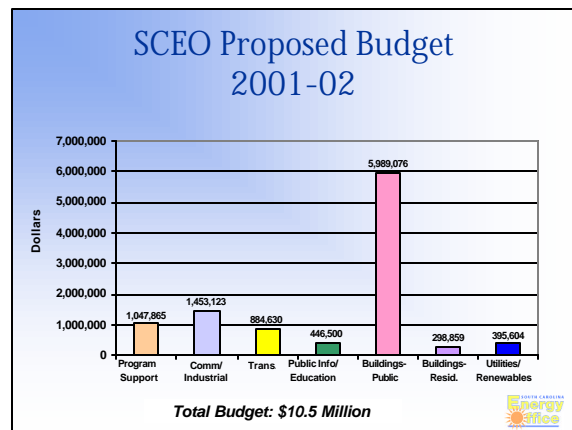
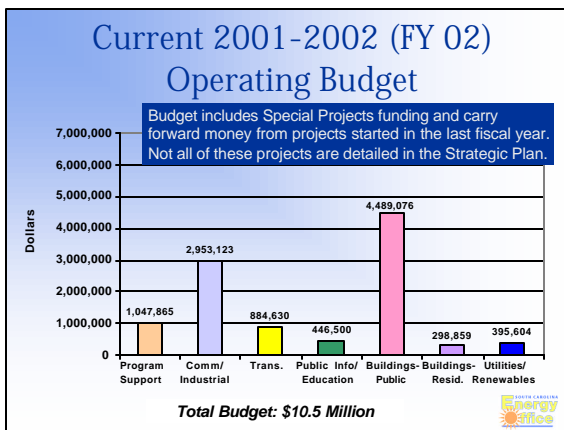
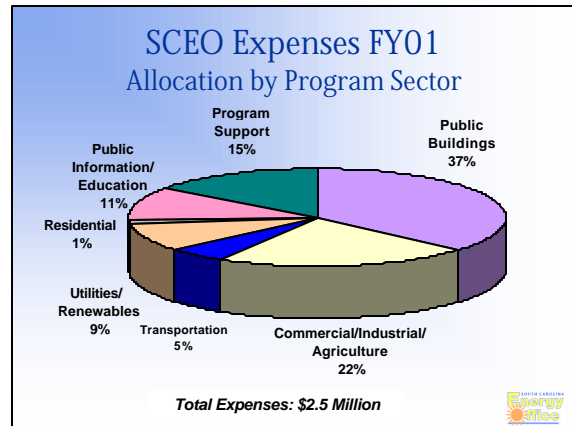
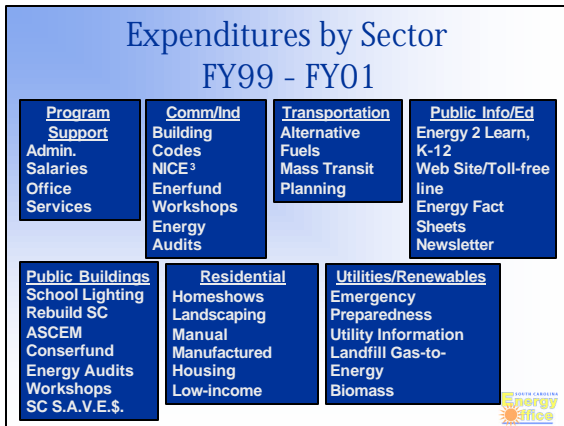


Total Expenditures: \$55.5 Million



Expenditures by Sector FY99 - FY01





The 2001 Strategic Plan

SOUTH CAROLINA Energy Office

The Mission of the South Carolina Energy Office

To provide the highest quality centralized energy services to state government and the public at the least cost.

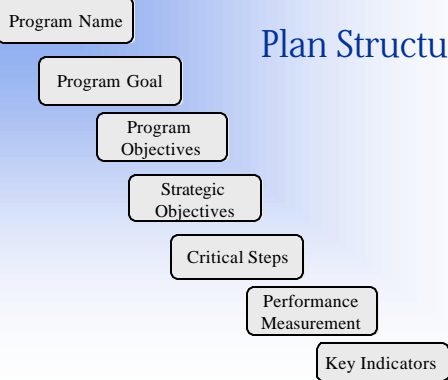


Strategic Planning Process

- SCEO staff participated in a series of planning sessions to discuss the direction and mission of the Office.
- Received input from representatives of the Governor's Office, the OGS, and the B&CB's Executive Director's Office.
- Result is a one-year Strategic Plan that incorporates input received; plan will be updated annually.
- Plan does not include project detail on SCEO Special Project activities, competitively awarded and monitored by the Department of Energy.



Plan Structure



Strategic Plan

Program Areas

-  Energy Conservation & Efficiency in Public Facilities;
-  Transportation Fuel Conservation & Diversification;
-  Energy Policy & Awareness;



Energy Conservation & Efficiency in Public Facilities

Program Goal:

To provide the highest quality centralized energy conservation & efficiency services for public organizations at the least cost.

Program Objectives:


1. To reduce energy consumption in targeted public facilities by three percent;
2. To achieve an energy cost avoidance of three percent of projected annual energy expenditures for targeted public facilities;
3. To increase lighting quality in ten public schools to meet code (70 foot-candles) at the greatest cost efficiency through implementation of lighting retrofits.



Energy Conservation & Efficiency in Public Facilities

- | Program | Activities: |
|-----------|--|
| Program 1 | Data Collection |
| Program 2 | Publication of <i>Energy Consumption Report</i> |
| Program 3 | Rebuild South Carolina |
| | • Workshops |
| | • Audits |
| | • Technical Assistance |
| | • Financing Program |
| | Energy Efficient Lighting Grant Initiative |
| | Association of SC Energy Managers |
| | RHEEEP (Incentive program for higher education institutions) |





Energy Conservation & Efficiency in Public Facilities

Program Goal:

Program Objectives:

1. To reduce energy consumption in targeted public facilities by three percent;

2. Achieved an energy cost avoidance of three percent of projected annual energy expenditures for targeted public facilities;

3. Increased lighting quality in ten public schools to meet code (70 foot-candles) at the greatest cost efficiency through implementation of lighting retrofits.

Sectors Served


Public

- State Agencies
- School Districts
- Colleges & Universities
- Local Governments

Commercial

Industrial

Energy Office



Energy Conservation & Efficiency in Public Facilities

Program Goal:

Program Objectives:

1. To reduce energy consumption in targeted public facilities by three percent;

2. Achieved an energy cost avoidance of three percent of projected annual energy expenditures for targeted public facilities;

3. Increased lighting quality in ten public schools to meet code (70 foot-candles) at the greatest cost efficiency through implementation of lighting retrofits.

Key Indicators:

1. Reduced energy consumption in targeted public facilities by three percent;
2. Achieved an energy cost avoidance of three percent of projected annual energy expenditures for targeted public facilities;
3. Increased lighting quality in ten public schools to meet code (70 foot-candles) at the greatest cost efficiency through implementation of lighting retrofits.

Energy Office



Transportation Fuel Conservation & Diversification


Program Goal:

To provide, for the common need, the highest quality centralized transportation fuel conservation and diversification services at the least cost.

Program Objectives:

1. To reduce petroleum fuel consumption in targeted locations by five percent through reduction of miles traveled;
2. To increase alternative fuel availability by ten percent;
3. To increase alternative fuel consumption in the State Fleet by five percent.

Energy Office



Transportation Fuel Conservation & Diversification

Program Goal:

Program Objectives:

1. To reduce petroleum fuel consumption in targeted locations by five percent through reduction of miles traveled;


2. Increased alternative fuel availability by ten percent;

3. Increased consumption of alternative fuels in the State Fleet by five percent.

Activities:

- Alternative Fuel Refueling Stations
- Clean Cities Coalitions
- Local Government Planning Guidelines
- Telecommuting Programs
- E-Government Programs

Energy Office



Transportation Fuel Conservation & Diversification

Program Goal:

Program Objectives:

1. To reduce petroleum fuel consumption in targeted locations by five percent through reduction of miles traveled;

2. Increased alternative fuel availability by ten percent;

3. Increased consumption of alternative fuels in the State Fleet by five percent.

Sectors Served

Public


- State Agencies
- School Districts
- Colleges & Universities
- Local Governments

Commercial

Industrial

Residential

Energy Office



Transportation Fuel Conservation & Diversification

Program Goal:

Program Objectives:

1. To reduce petroleum fuel consumption in targeted locations by five percent through reduction of miles traveled;

2. Increased alternative fuel availability by ten percent;

3. Increased consumption of alternative fuels in the State Fleet by five percent.

Key Indicators:

1. Reduced petroleum consumption in targeted locations by five percent through reduction of miles traveled;
2. Increased alternative fuel availability by ten percent;
3. Increased consumption of alternative fuels in the State Fleet by five percent.

Energy Office



Energy Policy & Awareness

Program Goal:

To provide the highest quality centralized energy information and education services for the public and private sector at the least cost.

Program Objectives:

1. To increase public awareness of energy conservation practices and policy issues in 70 percent of the customers we reach;
2. To increase K-12 student awareness of energy conservation practices in 75 percent of the students we reach;
3. To increase the use of landfill gas energy by five percent through the Landfill Methane Outreach Program;
4. To increase the use of biomass energy by five percent through the Southeastern Regional Biomass Energy Program.



Energy Policy & Awareness

Activities:

- K-12 Energy Education Programs
- Home Shows
- Energy Connection Newsletter
- Energy Awareness Month
- SCEO Web Site/Toll-Free Info Line
- Demand-Side Management Report
- Energy Forecasting and Data Collection
- Southeastern Regional Biomass Energy Program
- Landfill Gas to Energy Projects
- Million Solar Roofs Program
- Manufactured Housing Programs
- Energy Emergency Preparedness



Energy Policy & Awareness

Sectors Served

- Public
 - State Agencies
 - School Districts
 - Colleges & Universities
 - Local Governments
- Commercial
- Industrial
- Residential



Energy Policy & Awareness

Key Indicators:

1. Increased awareness of energy issues and conservation practices in 70 percent of all customers who received information from the SCEO;
2. Increased awareness of energy issues in 75 percent of all the students who participated in K-12 energy education activities;
3. Increased use of landfill gas energy by five percent through the Landfill Methane Outreach Program;
4. Increased use of biomass energy by five percent through the Southeastern Regional Biomass Energy Program.



SCEO Other Activities

- ♦ Special projects grants funded by the Department of Energy.
- ♦ These activities are in the FY 02 SCEO budget and reported to the Federal government.
- ♦ These activities are not detailed in the Strategic Plan and will not be included in the Accountability Report.

NICE ³	\$525,000
Building Codes	\$204,858
Industries of the Future	\$197,715
WIPP Shipments	\$306,229
Weatherization Assistance	\$298,859
Total:	\$1,532,661



Current Status

- ☛ The Strategic Plan has been reviewed by:
 - ★ National Association of State Energy Officials (NASEO)
 - ★ Department of Energy (DOE)
 - ★ SC Public Service Commission

- ☛ Based on these reviews by outside organizations, and the input of the Energy Advisory Committee, the plan will be finalized and implemented.



Annual Accountability Report

- ✱ SCEO will use the Strategic Plan as the basis for the Annual Accountability Report submitted to the Legislature.
- ✱ We will report on achievement of Performance Objectives as based on Key Indicators.



Questions and Comments

